GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2146
ANSWERED ON:04.08.2000
CREDIT TO NON-BANKING FINANCIAL CORPORATIONS BY BANKS
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Will the Minister of FINANCE be pleased to state:

(a) the total credit extended to the non-banking financial corporation by the banking sector during 1999-2000, corporation-wise;

(b) whether the banking sector extending credit to the non-banking financial corporations in accordance with the norms of Reserve Bank of India;

(c) if not, whether the non-banking financial corporations are facing resources crunch as a result thereof; and

(d) the remedial steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) As per the information furnished by Reserve Bank of India, the gross bank credit extended to non-banking financial companies (NBFCs) by fifty major banks stood at Rs.7178 crore as on 24th March, 2000.

(b),(c)&(d): Reserve Bank of India (RBI) has been receiving representations fromassociations of NBFCs regarding non-availability of sufficient bank credit. They have been seeking RBI`s help in impressing upon banks to (a) increase the flow of resources to NBFCs particularly to lease and hire purchase companies, (b) not to nurse a negative attitude to domestic NBFCs, (c) to treat the NBFCs as retailers as is the case in other countries and (d) to lend at fair rate of interest to NBFCs.Banks have been advised by RBI to assess and provide need-based finance to NBFCs, as per the loan policy laid down by them with the approval of their Boards.